



Thrift Savings Plan

Withdrawing Your TSP Account After Leaving Federal Service

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Federal Retirement
Thrift Investment Board

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Introduction

This booklet describes the Thrift Savings Plan (TSP) withdrawal options available to **all** separated participants — Federal civilian employees and members of the uniformed services.¹ If you are still employed and want access to the money in your TSP account, you should read the booklets *Loan Program* and *TSP In-Service Withdrawals*.

Participants with **both a civilian and a uniformed services TSP account** should apply the following information to each account **separately**.²

As a separated participant, you can choose to receive a single payment, a series of monthly payments, or a TSP annuity. You can have the TSP transfer all or a part of a single payment or, in some cases, a series of monthly payments, to a traditional individual retirement account (IRA) or to an eligible employer plan. You may also leave your account in the TSP when you separate, and make a withdrawal decision later.

The **Thrift Savings Plan Service Office** is your contact regarding your TSP account *after* you leave service:

TSP Service Office
National Finance Center
P.O. Box 61500
New Orleans, LA 70161-1500
Telephone: (504) 255-6000
TDD: (504) 255-5113

The TSP Service Office can answer questions about your account and can send you TSP withdrawal materials to supplement the Withdrawal Package provided to you by your agency or service when you separated. You can also obtain TSP materials from the TSP Web site.

The **TSP Web site, www.tsp.gov**, provides current TSP booklets, forms, fact sheets, and tax notices. As a separated participant, you can use your Social Security number (SSN) and four-digit TSP Personal Identification Number (PIN) to find out your current account balance, request (or check the status of) an interfund

transfer, check the status of a withdrawal payment, or change your PIN.

In addition, you can use the **ThriftLine**. The ThriftLine is an automated telephone service for participants which provides current account information 24 hours a day, 7 days a week. After you have applied to withdraw your TSP account, you can call the ThriftLine to find out if your withdrawal has been scheduled or if payment has been made. Call the ThriftLine at **(504) 255-8777** (not a toll-free number) from a touch-tone telephone. You will need your SSN and your TSP PIN. You can also reach the TSP Service Office when you call the ThriftLine by selecting the option on the menu to speak to a participant service representative.

If you do not know your TSP PIN, you can request a new one from the Account Access section of the TSP Web site, from the ThriftLine, or from the TSP Service Office.

This **Withdrawal Booklet** consists of three sections:

- *Section I, Leaving Your Money in the TSP*, tells you what you need to know if you decide to leave your account in the TSP after separating from service.
- *Section II, Withdrawing Your TSP Account*, explains your withdrawal options and tells you how to apply for the option you want.
- *Section III, Special Considerations*, describes rules that affect withdrawals for certain participants.
 - If you are a FERS³ participant with fewer than 3 years of Federal service, read “Vesting Requirements,” page 8.
 - If your vested account balance is \$3,500 or less, read “Automatic Cashout of Small Accounts,” page 8.
 - If you are a married participant whose vested account balance is more than \$3,500, read “Spouses’ Rights,” page 8.
 - If your account is subject to a court order, read “Court Orders,” page 9.
 - If you want to know how your account is distributed after you die, read “Death Benefits,” page 9.
 - If you have made an age-based in-service withdrawal, read “Effect of an Age-Based In-Service Withdrawal,” page 10.

¹ The Floyd D. Spence National Defense Authorization Act for 2001 (Public Law 106-398) extended participation in the TSP to members of the uniformed services. For TSP purposes, the uniformed services include members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Public Health Service, and the National Oceanic and Atmospheric Administration as well as members of the Ready Reserve, including the National Guard.

² Participants who are both Federal civilian employees and members of the uniformed services (i.e., as members of the Ready Reserve) may have an account related to each type of employment and will thus have two separate accounts. If the participant separates from one type of employment, he or she may withdraw the TSP account related only to that employment.

³ FERS refers to the Federal Employees’ Retirement System, the Foreign Service Pension System, and other equivalent Government retirement plans.

- If you anticipate being rehired by the Federal Government or rejoining the uniformed services, read “Withdrawal Rules for Rehired Participants,” page 10.

I. Leaving Your Money in the TSP

When you separate, you can leave your entire account balance in the TSP. If you have both a Federal civilian and a uniformed services TSP account, you can leave your money in each account, or you can combine the accounts.

Your account will continue to accrue earnings and you can continue to change the way your money is invested in the five TSP investment funds by making interfund transfers. You can make an interfund transfer in any month you wish. (The most efficient way to make an interfund transfer is by using the TSP Web site or the ThriftLine, described on page 1. Alternatively, you may mail Form TSP-50 or TSP-U-50,⁴ Investment Allocation, to the TSP Service Office. Because the Investment Allocation form is designed to be optically scanned, it is available only from agency personnel offices, service TSP representatives, and the TSP Service Office.)

In addition, if you leave your money in the TSP, you can transfer tax-deferred funds into the TSP from a traditional IRA or an eligible employer plan. (Note: The TSP will not accept tax-exempt funds from an IRA or an eligible employer plan, or from a uniformed services TSP account if you are combining it into your civilian TSP account.)

In order to transfer funds into the TSP, you must have an open TSP account and you cannot be receiving monthly payments from it. Use Form TSP-60 or TSP-U-60, Request for a Transfer Into the TSP, which is available from the TSP Web site or the TSP Service Office. The transfer will be considered an employee contribution and will be distributed among the TSP investment funds according to your most recent contribution allocation request on file. You can make a contribution allocation on the TSP Web site or the ThriftLine, or by completing Form TSP-50 or TSP-U-50, Investment Allocation.

The funds that are transferred into the TSP are subject to all rules that apply to all TSP employee contributions, such as spousal rights rules.

If you have both a uniformed services and civilian TSP account when you separate, you can combine the accounts into one, provided you are not receiving monthly payments from the remaining account. However, you can only combine the account related to your separation into your other TSP account. For example, if you separated from the uniformed services, you can transfer that account into your civilian account. If you have separated from both Federal civilian employment and the uniformed services, you can choose the account you want to keep and combine the other one with it. To combine uniformed services and civilian TSP accounts, use Form TSP-65, Request to Combine Uniformed Services and Civilian TSP Accounts.

If your uniformed services TSP account includes a tax-exempt balance, this balance **cannot** be transferred into your civilian TSP account. If you transfer your uniformed services account into your civilian account, the tax-exempt balance will remain in your uniformed services TSP account until you request to withdraw it.

Also, spouses’ rights for CSRS⁵ participants will change when your uniformed services and civilian TSP accounts are combined. Under a uniformed services TSP account, your spouse must provide written consent to a loan or in-service withdrawal. Furthermore, for a post-employment withdrawal, your spouse is entitled to a 50% joint and survivor annuity with level payments, and no cash refund feature, (unless he or she waives this right). In contrast, the spouse of a TSP participant who is under the CSRS retirement system receives only notification regarding any loans or withdrawals from the participant’s account. This means that, depending on the way in which you choose to combine your accounts, your spouse will either gain additional control of loans and withdrawals from your account by having to provide his or her signature, or your spouse’s rights will be reduced (if he or she consents) only to receiving notification of your loan or withdrawal.

FERS participants who are combining their civilian and uniformed services TSP accounts are not affected, because spousal rights are the same for FERS and uniformed services participants.

If your account balance in the TSP account related to your separation is \$3,500 or less, cashout rules will apply to that account. (See “Automatic Cashout of Small Accounts,” page 8.) Therefore, you must complete your request to combine your accounts (or keep the money in the TSP) before the automatic cashout is made.

⁴ Forms for civilian TSP participants are identified by the prefix “TSP-” followed by the form number. Forms related to uniformed services TSP accounts are identified by the prefix “TSP-U-” before the form number. The only exception is Form TSP-65, Request to Combine Uniformed Services and Civilian TSP Accounts, which is used to combine the participant’s civilian and uniformed services accounts after separating.

⁵ CSRS refers to the Civil Service Retirement System, including CSRS Offset, the Foreign Service Retirement and Disability System, and other equivalent Government retirement plans.

When you are ready to choose a withdrawal option, you can obtain current tax information and withdrawal forms from the TSP Web site or by contacting the TSP Service Office.

Limitations on Leaving Your Money in the TSP

Contributions and loans. You cannot make additional contributions to your account after you separate (other than transfers from eligible employer plans, traditional IRAs, or another TSP account), and you cannot borrow from your account or make an in-service withdrawal.

Required withdrawal date. You are required to withdraw your account balance in a single payment, begin receiving monthly payments, or begin receiving annuity payments by April 1 of the **later of**:

- the year following the year you become age 70½, or
- the year following the year you separate from Federal service or the uniformed services.

If you choose a TSP annuity, your annuity must be purchased in the month preceding the date your payments are required to begin.

The TSP will notify you before your required withdrawal date and mail you important tax information about your TSP withdrawal, as well as information about IRS minimum distribution requirements.

If you do not make a withdrawal election by the required deadline, your TSP account must be paid to you in the form of an annuity, as required by law. If you do not provide the necessary information for the TSP to purchase an annuity for you (and your spouse, if applicable), or if you cannot be located, your account will be declared abandoned. You may reclaim your account later and make an appropriate election, but you will receive no earnings from the date your account was declared abandoned.

Reporting Changes in Personal Information

Until your TSP account is completely withdrawn, you must keep the TSP informed of any changes in your mailing address and other personal information maintained by the TSP. Otherwise, you may not receive your participant statement and other important mailings, including checks. You should also inform the TSP of any address change through January following the year your account is closed, so that you receive tax reporting information.

Before you separate, your agency or service is responsible for the updating of your TSP account record. After separating, *you* must report changes to the TSP Service Office as follows:

- **To change your address**, submit Form TSP-9 or TSP-U-9, Change of Address for Separated Participants. You can also report a change of address for your TSP account by writing to the TSP Service Office; your dated and signed letter must contain your Social Security number and your date of birth, which will be used to identify your account. **Note:** If you submit withdrawal forms, your new address on the forms will automatically update your TSP account record.
- **To change your name**, submit Form TSP-15 or TSP-U-15, Change in Name.

If you have both a civilian and a uniformed services TSP account, you must submit a separate request to change your address or name for each account (e.g., if you are separated from both civilian employment and the uniformed services, submit Form TSP-9 to change your address for your civilian TSP account; submit Form TSP-U-9 if the change of address applies to your uniformed services TSP account). If you are still employed, your agency or service must change your address for the account relating to your employment.

Note: If you cannot be located, your account will be declared abandoned and it will be forfeited to the TSP. You may reclaim your abandoned account at a future date, but you will receive no earnings for the period during which it was abandoned.

II. Withdrawing Your TSP Account

This section tells you how to withdraw your account, explains your withdrawal options, and summarizes the tax consequences of the options. It also tells you how to change your withdrawal election. If you have both a civilian and a uniformed services TSP account, you should keep in mind that the withdrawal rules apply to each account **separately**.

Requesting Your Withdrawal

What your agency or service must do. When you separate, your agency or service is required to give you a TSP Withdrawal Package that contains the forms you will need to make a withdrawal and the tax notice "Important Tax Information About Payments From Your TSP Account." (If you did not receive this package, you can obtain this material from the TSP Web site or the TSP Service Office, or you can contact your former personnel office or service TSP representative.)

Your agency or service must also notify the TSP that you have separated and provide the date of your separation. The TSP cannot process your withdrawal until your agency or service reports this information.

What the TSP Service Office will do. When information about your separation is received, the TSP Service Office will send you current account and withdrawal information and a tax notice (unless the TSP has already received a withdrawal election from you). If you do not receive this material within 60 days after separating, contact your former agency or service to make sure it has reported your separation to the TSP.

If you have an outstanding TSP loan at the time your agency or service reports your separation, the TSP Service Office will notify you about closing it. *An outstanding loan will delay your withdrawal* because you cannot withdraw the account until you have repaid the loan in full or until the loan has been declared a taxable distribution. (For more information, see the booklet *Loan Program*, available from the TSP Web site, your agency personnel office, or your service.)

What you should do. Read this Withdrawal Booklet and the tax notice. When you are ready to make a withdrawal — but not before you separate from service — complete Form TSP-70 (if you are a civilian TSP participant) or Form TSP-U-70 (if you are a member of the uniformed services), Withdrawal Request:

- Indicate whether you want to receive a single payment, a series of monthly payments, or a life annuity. (These options are explained beginning on page 5.) If you ask for an annuity, the TSP Service Office will send you an Annuity Request Package.
- If you want to have the TSP transfer all or part of your payment(s) to a traditional IRA or eligible employer plan, you and the financial institution or plan must also complete Form TSP-70-T or TSP-U-70-T, Transfer Information, in addition to Form TSP-70 or TSP-U-70.
- If you have both a civilian and a uniformed services TSP account and would like to combine the accounts, complete Form TSP-65, Request to Combine Uniformed Services and Civilian TSP Accounts.
- If you are married, and your account is \$3,500 or more, spouse notice (for CSRS) or survivor annuity (for FERS and uniformed services) requirements apply. (See “Spouses’ Rights,” page 8.)

Mail your withdrawal forms to the TSP Service Office. Make sure your forms are complete and correct before you send them; *the TSP Service Office cannot accept changes over the telephone*. Keep a copy of your form(s) for your records.

The timing of your withdrawal. Generally, your withdrawal will be disbursed early in the next month following the month in which it is approved. You can check the TSP Web site or call the ThriftLine to find out if your withdrawal payment has been made. The TSP will also notify you when payment has been made.

You should allow up to 4 weeks between the time that you and your agency or service submit all required forms and information and the time that payment is mailed to you. Your withdrawal could take longer if your agency or service delays in reporting your separation, if you have an outstanding loan, if you submit forms that are not properly completed, or if you request a transfer on Form TSP-70 or TSP-U-70 and your financial institution delays in returning the completed Form TSP-70-T or TSP-U-70-T to the TSP.

The effect of a delay is that account balances invested in the Common Stock Index Investment (C) Fund, Fixed Income Index Investment (F) Fund, Small Capitalization Stock Index Investment (S) Fund, and International Stock Index Investment (I) Fund will be subject to market risk longer than you may have expected. If you do not want to incur this risk, you may request an interfund transfer to invest your account in the Government Securities Investment (G) Fund at the time you request your withdrawal. To request an interfund transfer, use the TSP Web site, the ThriftLine, or obtain Form TSP-50 (TSP-U-50), Investment Allocation, from the TSP Service Office.

Your Withdrawal Options

There are three basic withdrawal options. You can:

- Receive your account in a single payment.
- Receive your account in a series of monthly payments.
- Have the TSP purchase a life annuity for you.

In addition, you can have the TSP transfer all or part of a single payment or, in some cases, a series of monthly payments, to a traditional IRA or eligible employer plan. (See “Transferring a TSP Account,” page 6.)

If you decide to leave your money in the TSP until a later date, you should not submit the form until you are ready to withdraw from that account. You must withdraw (or begin monthly payments) no later than March of the year following the year you become 70½. (See “Limitations on Leaving Your Money in the TSP,” page 3.)

Also, if you decide to leave your money in the TSP and you have both a civilian and a uniformed services TSP account, you can transfer your account balance from one account to the other by completing Form TSP-65, Request to Combine Uniformed Services and Civilian TSP Accounts. (See “Leaving Your Money in the TSP,” page 2.)

Make sure you understand the withdrawal options and their tax consequences before you submit your forms. After your account has been disbursed, you cannot change your request. (See “Changing Your Withdrawal Election” on page 7 and read the tax notice “Important Tax Information About Payments From Your TSP Account.”)

Special note about tax-exempt balances: If you have a uniformed services TSP account, your account may include contributions from combat zone pay. Combat zone pay is exempt from Federal income taxes; therefore, TSP contributions from combat zone pay are also exempt from Federal income taxes when they are distributed from a uniformed services TSP account. The TSP will make all payments from a uniformed services account on a pro rata basis from both taxable and tax-exempt sources. A payment made from a uniformed services TSP account will therefore include taxable and tax-exempt balances if the account includes contributions from combat zone pay. (See the tax notice for detailed information about taxes.)

The taxable and tax-exempt portion of each monthly payment will be based on the proportion of taxable and tax-exempt balances in your account at the time distribution is made. If you elect to use your account to purchase an annuity, the annuity vendor will calculate each payment based on the proportion of taxable and tax-exempt balances used to purchase the annuity.

Note: If your account balance is less than \$5, your participant statement will advise you that the TSP will automatically forfeit the balance unless you claim the funds.

A single payment. You can withdraw your entire civilian or uniformed services TSP account balance in a single payment.

A series of monthly payments. You can withdraw your account in a series of substantially equal monthly payments. You can choose:

- *The number of monthly payments you want to receive.* Your initial payment amount will be based on your account balance at the time of the first payment divided by the number of payments you choose. At the beginning of each subsequent

year, the TSP will compute the dollar value of your monthly payments for that year based on your account balance at the end of the preceding year and the number of remaining payments. (The amount of your monthly payments must be at least \$25. If the amount of your monthly payment is computed to be less than \$25, the amount will be increased to \$25.)

- *A specific dollar amount.* You will receive payments in the amount that you request until your entire account balance has been paid to you. The amount of the monthly payments you choose must be at least \$25.
- *Monthly payments computed by the TSP based on IRS life expectancy tables.*⁶ Your initial payment amount will be based on your account balance at the time of the first payment and your age. The TSP will recalculate the amount of your monthly payments every year based on your account balance at the end of the preceding year and your age.

You can choose to have your monthly payments deposited directly into your checking or savings account by electronic funds transfer (EFT). The appropriate form will be sent to you with your first monthly payment.

You can continue to move or redistribute your account balance (through an interfund transfer) among the five TSP investment funds while you are receiving monthly payments. (If you have investments in the F, C, S, or I Fund, remember that investment losses cause your account balance to decrease, which could reduce either the amount of your monthly payments or their duration.)

You cannot change the number or dollar amount of your payments after they have begun, but you can change to a final single payment, change the proportion that is transferred to a traditional IRA or eligible employer plan, or change the IRA or plan to which your payments are sent. (See “Changing Your Withdrawal Election,” page 7.)

Note: If you are receiving a series of monthly payments from your account, you will be subject to IRS minimum distribution requirements beginning in the year in which you become age 70½. (See “Required minimum distributions,” page 7.)

⁶ IRS Table V: Ordinary Life Annuities One Life – Expected Return Multiples, 26 C.F.R. ch. 1, § 1.72-9, is used to calculate monthly payments based on life expectancy for participants who are 69 or younger. Once a participant turns 70, the Uniform Distribution Period Table, Prop. Treas. Reg. § 1.401(a)(9)-5, Q&A 4, is used.

A life annuity. A life annuity is a monthly benefit paid to you for life. If your account balance is at least \$3,500, you can have the TSP use your account balance to purchase an annuity for you from the TSP's annuity provider.

You can request a single life annuity, a joint life annuity with your spouse, or a joint life annuity with someone other than your spouse. A joint life annuity means that monthly payments will continue to be paid to you or to your joint annuitant after one of you dies. Those payments can either be 100% or 50% of the amount received when both of you were alive.

For more information about TSP annuities and their features, read the booklet *TSP Annuities*, available from the TSP Web site, your agency personnel office, or your service.

Transferring a TSP Account

A TSP account is a portable retirement benefit. This means that when you leave service, you can have the TSP transfer your account to a traditional IRA or eligible employer plan (for example, the 401(k) plan of a new employer).⁷ Check with your new employer to see if its plan can accept your transfer. Amounts transferred will continue to accrue tax-deferred earnings until you receive your money.

If you choose to receive the account in a single payment, you can have the TSP transfer all or part of your account balance to a traditional IRA or eligible employer plan. However, you can direct the transfer to *only one* IRA account or eligible employer plan. The amount not transferred will be paid directly to you.

If you choose to have the TSP pay out your account in a series of monthly payments, in some cases you can have the TSP transfer all or part of each monthly payment to a traditional IRA or an eligible employer plan. The TSP can transfer monthly payments that are expected to last less than 10 years and are not based on the IRS life expectancy table. Thus:

- If you choose a *number of monthly payments*, the number you choose must be *less than 120*.
- If you choose a *dollar amount*, the TSP will use a factor to determine whether your payments are expected to last less than 10 years, taking into account the effect of future earnings (at an assumed annual rate of 8 percent). The factor is equal to your account balance divided by the dollar amount you requested. If the factor is 85 or more, your payments *cannot* be transferred, and the TSP Service Office will notify you of this. You can use your current account balance to estimate whether your payments will be eligible for transfer, but remember that your account balance will have changed by the time the TSP applies the factor to your first payment.

To request a transfer, complete Form TSP-70 or TSP-U-70, Withdrawal Request, indicating that you want a single payment or a series of monthly payments *and* that you want a transfer. Also, both you *and* the financial institution or administrator of the IRA or plan that is to receive your money must complete Form TSP-70-T or TSP-U-70-T, Transfer Information. *Do not use the transfer forms of the financial institution or administrator of the IRA or plan; the TSP cannot accept them.* If you indicate on Form TSP-70 or TSP-U-70 that you want the TSP to transfer your payment(s), you must also submit a properly completed Form TSP-70-T or TSP-U-70-T; otherwise, your request cannot be processed.

Some financial institutions and plans have minimum transfer amounts. You should verify that the financial institution or plan will accept the transfer of your payment(s) before you request a transfer.

You can also receive directly any taxable payments that are eligible to be transferred and roll them over to a traditional IRA or an eligible employer plan yourself within 60 days. This is described in detail in the tax notice "Important Tax Information About Payments From Your TSP Account."

Note: Tax-exempt balances may also be transferred to an eligible employer plan or transferred or rolled over into a traditional IRA, but only if the IRA or plan will accept tax-exempt balances. For detailed information, see the tax notice.

There are special requirements if you are age 70½ or older and you request a transfer of your TSP account to a traditional IRA or to an eligible employer plan. (See "Required minimum distributions," page 7.)

⁷ A "traditional IRA" is an individual retirement account described in § 408(a) of the Internal Revenue Code (I.R.C.) or an individual retirement annuity described in I.R.C. § 408(b). (It does not include a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA).) An "eligible employer plan" includes a plan qualified under I.R.C. § 401(a), including a § 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; an I.R.C. § 403(a) annuity plan; an I.R.C. § 403(b) tax-sheltered annuity; and an eligible I.R.C. § 457(b) plan maintained by a governmental employer.

Taxes on TSP Payments

You are responsible for paying taxes on your withdrawal. However, different tax rules apply to the different withdrawal options. Also, different tax rules may apply to Federal civilian employees and to members of the uniformed services. For detailed information about the tax rules, read the notice "Important Tax Information About Payments From Your TSP Account," which is available from the TSP Web site, your agency or service, or the TSP Service Office.

Changing Your Withdrawal Election

Before payment. If you submit a Withdrawal Request and later want to change your election, you must submit another Form TSP-70 or TSP-U-70 to the TSP Service Office (and Form TSP-70-T or TSP-U-70-T, Transfer Information, if appropriate). Your forms must be received in time to be processed before the previously scheduled payment date. (See "The timing of your withdrawal," page 4.)

Note: If you change your withdrawal election, you must comply with the survivor annuity requirements that apply to you at the time you make the change. (See "Spouses' Rights," page 8.)

You can cancel your Withdrawal Request by writing to the TSP Service Office. (Your signed and dated letter must include your name, Social Security number, and date of birth. If you have both a civilian and a uniformed services TSP account, you must also identify the account to which the cancellation applies.) Your letter must be received in time to be processed before payment.

After payment. You *cannot* change your withdrawal choice after your account has been paid out. Also, if you have chosen an annuity, you cannot change either the annuity option or the joint annuitant after the TSP has purchased an annuity for you.

However, *if you are receiving a series of monthly payments*, you can change to a final single payment or change where your payments are sent. (You cannot change the number or dollar amount of your payments or the way they are computed.) Ask the TSP Service Office for the Change in Monthly Payments form if you want to:

- Change your monthly payments to a final single payment. The final single payment can be made directly to you, or you can request to have the TSP transfer all or part of it to a traditional IRA or eligible employer plan.

- Change the portion of each monthly payment that is transferred to a traditional IRA or eligible employer plan. (If you have not previously designated a portion of your monthly payments to be transferred, your payments must have been eligible to be transferred at the time they began.)
- Change the IRA or eligible employer plan to which your payments are sent.

Required minimum distributions. After you separate, your TSP account(s) is subject to IRS minimum distribution requirements beginning in the calendar year in which you become age 70½.⁸

The minimum distribution payment cannot be transferred or rolled over. This means that if you withdraw your account in a single payment or are receiving monthly payments in a year to which the required minimum distribution applies, you cannot transfer the entire payment(s) to a traditional IRA or eligible employer plan. Instead, the TSP will calculate your required minimum distribution amount and mail it directly to you.

- If you transfer all or a portion of a single payment, the TSP will decrease the amount to be transferred, if necessary, to satisfy the minimum distribution requirement.
- If you are receiving monthly payments, the TSP will ensure that payments which satisfy the minimum distribution requirement are made directly to you. Your monthly payment will be increased if necessary.
- If you receive an annuity, the annuity will satisfy the required minimum distribution.

If you choose to withdraw your account or begin receiving payments in the year of your required withdrawal date, you must receive minimum distributions for both the prior year and the current year at the time of your withdrawal. If you choose monthly payments, your first monthly payment will include the prior year's minimum distribution. If you request an annuity and your request date is too late to ensure that payments will begin before April 1, you will be sent the prior year's minimum distribution and the remainder of your account will be used for the annuity purchase.

The TSP calculates minimum distributions based on your account balance and your age, using the IRS Uniform Distribution Period Table (see footnote on page 5).

⁸ If you separate after age 70½, your account is immediately subject to the minimum distribution requirements.

III. Special Considerations

This section describes considerations relating to certain participants: vesting requirements for FERS participants; automatic cashouts for participants with accounts of \$3,500 or less; spouses’ rights, including notice and survivor annuity requirements for participants with accounts over \$3,500; court orders; death benefits; withdrawal rules for participants who have received an age-based in-service withdrawal; and withdrawal rules for rehired participants.

Vesting Requirements

Vesting requirements apply only to FERS participants. If you are a FERS participant, you must work for the Federal Government for a certain number of years in order to be entitled to (or “vested in”) the Agency Automatic (1%) Contributions in your account and the earnings on those contributions. Most FERS employees become vested in the agency automatic contributions after 3 years of Federal civilian service. FERS employees in congressional and certain non-career positions become vested in the agency automatic contributions after completing 2 years of Federal civilian service. If you leave Government service before meeting the vesting requirement for your agency automatic contributions, those contributions and the earnings on them will be removed from your account and forfeited to the TSP.

If you are a FERS participant, you are always vested in your own contributions (and their earnings) and the matching contributions your agency makes (and the earnings on them). If you die before leaving Government service, your entire TSP account will be vested automatically.

CSRS participants and uniformed services participants are always vested in all the money in their accounts.

Automatic Cashout of Small Accounts

If your vested account balance is \$3,500 or less after your agency or service reports that you have separated, that account is subject to the TSP automatic cashout procedures. Following notice from the TSP Service Office, the relevant account balance will be paid directly to you automatically, unless you make another withdrawal request or elect to leave your money in the TSP. If you want to receive a check for payment of your vested account balance, you do not need to send in any forms; the cashout will be made automatically.

If you do not want to receive the cashout, you should respond promptly by returning the forms that are enclosed with your cashout notice to keep your money

in the TSP or to have the TSP transfer all or part of your payment to a traditional IRA or eligible employer plan. You can also submit Form TSP-70 or TSP-U-70 to make another withdrawal election, or if you have both a civilian and a uniformed services TSP account and would like to combine your TSP accounts, submit Form TSP-65 before your cashout is made. The cashout notice provides detailed information about automatic cashout procedures.

Spouses’ Rights

Your spouse has certain rights in your TSP account. If you are married and have a vested account balance that is more than \$3,500, the spouses’ rights requirements must be satisfied before you can withdraw your account. (The term “spouse” includes a separated spouse.)

If you are a married FERS or uniformed services participant, your spouse is entitled to a survivor annuity. This annuity is a joint life annuity with 50 percent survivor benefits, level payments, and no cash refund feature. If you want to purchase a different type of annuity or want to withdraw your account in a single payment or a series of monthly payments, your spouse must sign a statement waiving his or her right to the required annuity. (If your current spouse has previously waived the right to this survivor annuity from your TSP account, you do not have to obtain his or her signature again if you change your election for that account.)

If you are a married CSRS participant, the TSP must notify your spouse of your withdrawal election and any change in that election.

Spouses’ rights for separated participants are summarized in the chart below:

Spouses’ Rights		
Classification	Requirement	Exceptions
FERS or uniformed services	Spouse is entitled to a joint life annuity with 50% survivor benefits, level payments, and no cash refund feature, unless he or she waives this right.*	Whereabouts unknown or exceptional circumstances
CSRS	Spouse is entitled to notification by the TSP of the participant’s election.	Whereabouts unknown

* For you to receive a withdrawal option other than an annuity, your spouse must sign Form TSP-70 or TSP-U-70, Withdrawal Request, to waive this benefit. For you to receive an annuity option other than the required annuity, your spouse must sign Form TSP-11-C or TSP-U-11-C, Spousal Information and Waiver, to waive the required annuity.

Under certain circumstances, as noted in the chart, exceptions may be made to the spouse’s right to a survivor annuity (FERS or uniformed services) or

notice (CSRS). If the whereabouts of your spouse are unknown, or if there are exceptional circumstances (applicable to FERS or uniformed services) that make it inappropriate for you to obtain your spouse's signature, you may apply for an exception to the spouse waiver and notice requirements by submitting Form TSP-16 or TSP-U-16, Exception to Spousal Requirements, with the required documentation. **The criteria for supporting a claim on the basis of exceptional circumstances are strict. The fact that there is a separation agreement, a prenuptial agreement, a protective order, or a divorce petition does not in itself support a claim of exceptional circumstances.**

For more information on establishing an exception to the spouses' rights requirements, see Form TSP-16 or TSP-U-16, available from the TSP Web site, your agency personnel office, or your service.

Court Orders

The TSP must honor a valid court order that awards all or part of a TSP account to a current or former spouse (including a separated spouse). The TSP must also honor a valid order that enforces obligations to pay child support or alimony and to satisfy judgments for child abuse. Your withdrawal will not be processed while the TSP is reviewing such an order. If the TSP determines that an order is valid and applies to the TSP account from which you have requested a withdrawal, it will comply with the order before your withdrawal is processed.

For more information about court orders, obtain the booklet *Information About Court Orders* and the notice "Tax Treatment of Thrift Savings Plan Payments Made Under Qualifying Orders." Both are available from the TSP Web site, your agency personnel office, your service TSP representative, or the TSP Service Office.

Death Benefits

You may designate beneficiaries to receive your TSP account in the event of your death. If you do not designate beneficiaries for your account, it will be distributed according to the statutory order of precedence described below. (However, if you die after the TSP Service Office receives your completed annuity request, benefits will be provided in accordance with your annuity selection for that account.)

Designation of beneficiaries. To name a beneficiary or beneficiaries for your account, mail Form TSP-3 or TSP-U-3, Designation of Beneficiary, to the TSP Service Office; to be valid, the form must be received by the TSP Service Office on or before the date of your

death. **A will is not valid for the disposition of your TSP account.** Form TSP-3 applies only to a civilian TSP account; Form TSP-U-3 applies only to a uniformed services TSP account.

The share of any designated beneficiary who dies before you die will be distributed proportionally among the surviving designated TSP beneficiaries for that account (unless you designated a contingent beneficiary for the deceased beneficiary). Your Designation of Beneficiary will be void if none of the designated beneficiaries for that account is alive at the time of your death. In that case, the statutory order of precedence will be followed.

If your beneficiaries' addresses change, submit a new Designation of Beneficiary so that the TSP can locate the people who are entitled to your account if you die. If there are any changes in your family status (marriage, divorce, birth, death, etc.), you may also want to submit a new Designation of Beneficiary to change your beneficiary(ies). Your participant statement will show whether you have a Designation of Beneficiary on file with the TSP for that account and, if so, the date you signed it. (Even if the TSP has a Form TSP-3 or TSP-U-3 on file for you, you are responsible for its correctness and completeness.) To change or cancel a previous designation, mail a new Designation of Beneficiary to the TSP Service Office.

Statutory order of precedence. If you do not file Form TSP-3 or TSP-U-3 to designate a beneficiary for that account or if the form you send in is invalid, your account will be distributed as required by law: to your widow or widower; if none, to your child or children equally, and to descendants of deceased children by representation; if none, to your parents equally or the surviving parent; if none, to the executor or administrator of your estate; if none, to your next of kin who is entitled to your estate under the laws of the state in which you resided at the time of your death.⁹

⁹ In this order of precedence, a child includes a natural child (even if the child was born out of wedlock), a child adopted by the participant, and descendants of deceased children; it does not include a stepchild who was not adopted. Note: Under the order of precedence, if the participant's natural child was adopted by someone other than the participant's spouse, that child is not entitled to a share of the participant's TSP account.

"By representation" means that if a child of the participant dies before the participant dies, that child's share will be divided equally among his or her children.

Parent does not include a stepparent unless the stepparent adopted the participant.

Distributing your account. In order for beneficiaries to receive a participant's account, Form TSP-17 or TSP-U-17, Information Relating to Deceased Participant, must be submitted to the TSP Service Office together with a copy of the participant's death certificate.

Once the beneficiaries of an account have been determined, the TSP Service Office will provide them with information about death benefit payments and a tax notice. Copies of that notice, "Important Tax Information About Thrift Savings Plan Death Benefit Payments," are available from the TSP Web site, agency personnel offices, service TSP representatives, or the TSP Service Office. Payments are ordinarily made between 45 and 60 days after the notices to the beneficiaries have been issued.

Payments made directly to spouses of deceased participants are subject to 20 percent mandatory Federal income tax withholding on the taxable balances. Spouses of deceased participants can avoid the mandatory withholding on all or part of these payments by having the TSP transfer that amount to a traditional IRA or to an eligible employer plan. Payments of money made directly to beneficiaries other than a spouse are subject to 10 percent withholding (which may be avoided, as described in the tax notice). Payments to non-spouse beneficiaries cannot be transferred. Tax-exempt balances retain their tax-exempt status when paid to beneficiaries and are not subject to withholding.

Effect of an Age-Based In-Service Withdrawal

After the new TSP record keeping system is implemented (planned for the second half of 2002 on a date to be announced), separated participants will have the option to withdraw a portion of their account in a single payment and leave the rest in the TSP for later withdrawal. However, only one partial withdrawal of this type from an account may be made in a lifetime. Therefore, if you make an age-based (age 59½ or older) in-service withdrawal of all or a portion of your account balance, you will not be eligible for a partial withdrawal from that account as a separated participant when that option becomes available.

Withdrawal Rules for Rehired Participants

*If your break in service is **less than 31** full calendar days*, you are not eligible to withdraw your account. If you are a FERS participant, your new agency should start your Agency Automatic (1%) Contributions immediately. Whether you are covered by FERS, CSRS, or the uniformed services, your own contributions to your account should continue automatically when you are rehired. (Check your earnings and leave statement.) If contributions do not resume, see your new agency personnel office or service. If you have an outstanding TSP loan, contact your new agency personnel office or service to ensure that your loan payments continue to be made.

*If your break in service is **31 or more** full calendar days*, you are eligible, but not required, to withdraw the portion of your account that is attributable to your previous employment. If you wish to withdraw that portion of your account, your Withdrawal Request must be received while you are still separated from service.

Note: If you began receiving monthly payments from the TSP after you separated, those payments will stop if you are subsequently rehired; annuity payments will continue despite your rehire.

TSP Forms and Materials for Separated Participants

If you are still employed as a Federal civilian employee, you can get these items from your agency personnel office; if you are still a member of the uniformed services, you can get these items from your service TSP representative. After you separate, you can get them from the TSP Web site and the TSP Service Office.

For Civilian TSP Participants:	For Uniformed Services TSP Participants:
To withdraw your account —	
<ul style="list-style-type: none"> Form TSP-70, Withdrawal Request (includes Form TSP-70-T, Transfer Information) Form TSP-16, Exception to Spousal Requirements Booklet: <i>Withdrawing Your TSP Account After Leaving Federal Service</i> Booklet: <i>TSP Annuities</i> Tax Notice: "Important Tax Information About Payments From Your TSP Account" 	<ul style="list-style-type: none"> Form TSP-U-70, Withdrawal Request (includes Form TSP-U-70-T, Transfer Information) Form TSP-U-16, Exception to Spousal Requirements Booklet: <i>Withdrawing Your TSP Account After Leaving Federal Service</i> Booklet: <i>TSP Annuities</i> Tax Notice: "Important Tax Information About Payments From Your TSP Account"
To keep your account information up to date —	
<ul style="list-style-type: none"> Form TSP-3, Designation of Beneficiary Form TSP-9, Change of Address for Separated Participants Form TSP-15, Change in Name 	<ul style="list-style-type: none"> Form TSP-U-3, Designation of Beneficiary Form TSP-U-9, Change of Address for Separated Participants Form TSP-U-15, Change in Name
To make interfund transfers in your account —	
<ul style="list-style-type: none"> Form TSP-50, Investment Allocation (available only from your agency personnel office and the TSP Service Office) 	<ul style="list-style-type: none"> Form TSP-U-50, Investment Allocation (available only from your service TSP representative and the TSP Service Office)
For beneficiaries to receive your account —	
<ul style="list-style-type: none"> Form TSP-17, Information Relating to Deceased Participant Tax Notice: "Important Tax Information About Thrift Savings Plan Death Benefit Payments" 	<ul style="list-style-type: none"> Form TSP-U-17, Information Relating to Deceased Participant Tax Notice: "Important Tax Information About Thrift Savings Plan Death Benefit Payments"
To combine your civilian and uniformed services TSP accounts —	
<ul style="list-style-type: none"> Form TSP-65, Request to Combine Uniformed Services and Civilian TSP Accounts 	<ul style="list-style-type: none"> Form TSP-65, Request to Combine Uniformed Services and Civilian TSP Accounts
Other materials —	
<ul style="list-style-type: none"> Form TSP-60, Request for a Transfer Into the TSP Tax Notice: "Important Tax Information About Your TSP Withdrawal and Required Minimum Distributions" Tax Notice: "Tax Treatment of Thrift Savings Plan Payments Made Under Qualifying Orders" Booklet: <i>Information About Court Orders</i> 	<ul style="list-style-type: none"> Form TSP-U-60, Request for a Transfer Into the TSP Tax Notice: "Important Tax Information About Your TSP Withdrawal and Required Minimum Distributions" Tax Notice: "Tax Treatment of Thrift Savings Plan Payments Made Under Qualifying Orders" Booklet: <i>Information About Court Orders</i>

To make your withdrawal go smoothly:

- Obtain the withdrawal forms and tax notice from your agency or service when you separate.
- Make sure your agency or service promptly reports your separation to the TSP.
- If you have a TSP loan, either repay it or ask that the TSP declare it a taxable distribution.
- Check your withdrawal forms before you mail them to make sure they are correct and complete — including signature and date. If you have both a civilian and a uniformed services TSP account, be sure you are using the correct forms.
- Make a copy of your withdrawal forms for your records.
- Notify the TSP Service Office in writing immediately if there is any change in your address after you separate.